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C O N F I D E N T I A L SECTION 01 OF 02 BRASILIA 002303

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SUBJECT: AMBASSADOR'S CALL ON DEFENSE MINISTER VIEGAS, 8 SEPTEMBER 2004

REF: BRASILIA 2293

Classified By: AMBASSADOR JOHN J. DANILOVICH. REASONS: 1.4(B)(D).

1. (C) Summary. In a courtesy call on 8 September with Ambassador, Defense Minister Jose Viegas expressed enthusiastic satisfaction with Department responses to GOB suggestions for revisions in the stalled 2000 bilateral Technology Safeguards Agreement on possible U.S. participation in commercial space launches at Brazil's Alcantara facility. Viegas believes the governments are close to consensus on a revised text. Viegas was also grateful and optimistic regarding successful conclusion of a bilateral understanding on Brazil's lethal force air bridge denial program. Viegas opined that it could take Brazil "some years" to work through issues and sign onto the IAEA Additional Protocol on non-proliferation safeguards (a view not/not reinforced by FM Amorim in later conversation with the Ambassador, per refTel; Department please see also action request on this issue in para 8). Viegas also said he expects President Lula da Silva to announce a decision in Brazil's new fighter acquisition program in a few weeks' time. End summary.

2. (C) Viegas greeted Ambassador warmly in a small meeting in the minister's office (Viegas was accompanied by one senior advisor, Ambassador by POL Counselor) and directly embarked on a review of the following issues:

Alcantara Technology Safeguards Agreement:

3. (C) Viegas said that he is "delighted" with the content of a USG nonpaper providing the Department's reactions to GOB-proposed revisions in the Alcantara TSA (signed by both governments in 2000 to facilitate U.S. firms' participation in commercial space launches from Brazil's Alcantara facility but stalled in ratification in Brazil's congress owing to concerns the accord impinges on Brazilian "sovereignty"). Viegas said the two remaining areas of difference between the governments as reflected in the nonpaper -- relating to access for USG personnel to accident sites and the need for conclusion of TSA's by Brazil with other users of the facility -- appear to him to be easily resolvable. Viegas said he would the USG nonpaper to Brazilian experts and informally approach contacts in congress to assure a favorable environment when a revised text is resubmitted for ratification. Viegas expressed his deep appreciation for USG willingness to revisit the Alcantara issue, calling it an "important symbol" of good will toward Brazil on the USG's part. Viegas also reiterated that the GOB will join the International Code of Conduct on Ballistic Missiles (ICOC), which has been the main USG request to the GOB in the context of re-opening the TSA text for revisions.

"Shootdown" Issue

4. (C) Viegas said his staff would provide the USG asap with its final input to the draft texts for diplomatic notes and addenda that will serve as the basis for memorializing the governments' mutual understanding of Brazil's lethal force interdiction program for aerial narcotrafficking, scheduled for implementation in October. Viegas implied that the MOD was prepared to accept virtually all of the USG's recommended final revisions to the texts. (Note: Viegas' staff provided the comments to Pol Counselor on 10 September, which were forwarded to Department WHA/BSC via email on the same date. End note.) Ambassador and Pol Counselor noted that the Department is preparing the Memorandum of Justification (MOJ) recommending a Presidential Determination waiving liability under U.S. law as related to Brazil's program. The formal exchange of the diplomatic notes will be the final bilateral step before the MOJ is sent to the President for decision, they added.

Additional Protocol

5. (C) The minister then raised the question of Brazil's adhering to the Additional Protocol to the NPT. Viegas said that the GOB would likely sign on to the AP, but that the process of deliberation could require "some years." Ambassador voiced surprise that a decision could take so long. Viegas elaborated that Brazil occupies a unique "niche" among suppliers in terms of its technological development, which it wants to protect while still finding ways to cooperate with inspection. He also said that any

suggestion that Brazil belongs in the same company as North Korea and Iran is anathema for the GOB, given Brazil's strong non-proliferation credential. Ambassador rejoined that it is just those exemplary credentials which make Brazil an important model for others. Viegas replied that Brazil deserves to be granted patience and consideration as it works through decisions on the AP. (Comment: Viegas' assertion that it could require years for Brazil to sign the AP was not/not echoed in a subsequent meeting between Ambassador and Foreign Minister Amorim, per reftel. Amorim said Brazil needed to work through a number of issues regarding the AP, but he seemed surprised when Ambassador noted Viegas's comment, and did not affirm it as a GOB position. End comment.)

#### FX Program

16. (C) Responding to a query from Ambassador on the status of Brazil's F-X new fighter selection competition, Viegas said that the MOD has completed its technical evaluation and referred the decision to the President. Viegas said that Presidency Chief of Staff Jose Dirceu had told Viegas to expect a decision "soon," and Viegas opined the decision could be announced "in a few weeks." Viegas did not offer further comment, except to note that the Lockheed Martin offer for the F-16 Block 50 was regarded by some in the Brazilian Air Force as "lacking" in its offset proposals, and also there remained a question of "the weapons not following the plane" -- an apparent allusion to continuing questions in the BRAF about the availability of the AMRAAM BVR missile system. When POL Counselor noted to Viegas that the USG had fully cleared sale of the AMRAAM to Brazil two years ago, Viegas seemed puzzled and asked that POL Counselor contact the Brazilian air force to discuss the issue.

#### South America

17. (C) In closing, Viegas noted that the GOB's guiding strategic interest in South America is "stability." He assured Ambassador that all GOB regional military policies -- whether bilateral information sharing initiatives with neighboring countries or possible defense-industrial cooperation projects -- were intended to promote stability, and this should be seen as complementary of, not competitive with, USG policies. Ambassador replied that Brazilian leadership in regional security initiatives is welcomed and encouraged in Washington.

18. (C) Comment. Viegas was upbeat, speaking gratefully and enthusiastically about bilateral progress on both the Alcantara agreement and the shutdown issue. Clearly he views both of these as close to successful resolutions -- welcome developments for the GOB and feathers in Viegas' own cap. His remarks on the Additional Protocol and the FX program are, on the other hand, puzzling. On the AP, the impression is that Viegas does not entirely master the issue (e.g., he seems to mix in his mind the questions of AP adherence and Brazil's ongoing negotiations with the IAEA for inspections at Brazil's Rezende facility which, while thematically related, are technically separate questions). Hence we would be cautious about taking his comments as definitive GOB positions, and are inclined to believe that FM Amorim's views, as expressed in reftel, are more authoritative. Action request: Given the current lack of precision and clarity on Brazil's official position on the AP issue, we will continue to query senior GOB officials about the evolution of their views at every opportunity. We also ask that Department engage with Ambassador Abdenur regarding Brazil's position.

19. (C) Comment continued. On the FX and AMRAAM, it is bewildering to us that, at this late stage, the minister of defense does not understand from his air force that the AMRAAM system has been approved for Brazil for some time. We intend to explore this quietly with air force contacts.

#### Danilovich